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Chair

Ms. Julie Dabrusin

Standing Committee on Canadian Heritage

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● (1100)

[*Translation*]

The Chair (Ms. Julie Dabrusin (Toronto—Danforth, Lib.)): Order, please.

I would like to welcome everyone to our meeting of the Standing Committee on Canadian Heritage.

Today, we continue our study of remuneration models for artists and creative industries.

We have several witnesses with us: Ms. Caroline Rioux, from the Canadian Musical Reproduction Rights Agency Ltd., Mr. Allan Reid and Ms. Jackie Dean from the Canadian Academy of Recording Arts and Sciences, and Mr. Brian Fauteux and Ms. Brianne Selman, who are both researchers and are testifying personally.

We will begin with Ms. Caroline Rioux from the Canadian Musical Reproduction Rights Agency Ltd.

Ms. Caroline Rioux (President, Canadian Musical Reproduction Rights Agency Ltd.): Hello.

Thank you very much.

[*English*]

Thank you for inviting me to speak today.

I'm just going to start right in and I promise that my presentation is not going to be too long.

My name is Caroline Rioux. I am the president of the Canadian Musical Reproduction Rights Agency or CMRRA for short.

CMRRA acts as an agent for more than 6,000 music publishers and self-published songwriters. Together they represent more than 80,000 music publishing catalogues and millions of songs, which comprise a vast majority of the musical works commercially used and available in Canada.

Our role is to license the reproduction rights. We offer licences for the reproduction of works in a variety of circumstances. From inception, CMRRA has issued what we call mechanical licences for the reproduction of songs on physical products, such as CDs and LPs. Today, we also issue licences for the reproductions made by broadcasters and online music services.

The manner in which content is distributed and consumed has changed dramatically in recent years, both in the run-up to the 2012 amendments to the Copyright Act and a great deal more since then. Streaming services, such as Spotify and Apple Music, have emerged and we're witnessing a rapid decline in the download market.

In addition to this changing marketplace, certain exceptions that were introduced in 2012 have led to a 30% reduction in reproduction royalties from radio broadcasters. The private copying levy, too, has all but disappeared, even though the act of making private copies continues to exist on a massive scale, thanks to smart phones and digital storage devices.

As a result of this evisceration, the largest source of royalties we collect now comes from the streaming services. I'd like to take a moment to discuss that, in particular, because that too has been subject to rate reductions and unfair bargaining positions. We need your help to fix that.

Monsieur Pierre Nantel just last Tuesday made a comment that publishers are making bizarre deals with streaming services for small royalty rates. I think it's important to address this and to say that those very low rates exist at least in part because they've been based upon decisions made by the Copyright Board of Canada.

I should clarify for you that the last online tariff that was certified set us back considerably. Our streaming rates under this tariff, to my knowledge, are now the lowest in the world and well below market rates. We went from receiving 5.18% to less than 1.5% of a service's revenue. In addition, a key provision of the tariff sets out the minimum fee payable by online music services. That minimum fee is $100 per year, irrespective of the number of streams or volume offered by a music service.

The board reasoned that anyone who offered a compelling music service to consumers would naturally attract significant ad revenues, which would, in turn, generate sufficient royalties for rights holders. However, our experience has been that some of these services are happy to generate next to nothing in ad revenues, as the promotional value of a free service is much greater to them than the revenue from selling ads.

Under this tariff, major services could be paying much less than the 0.003¢ per stream, as stated by Monsieur Nantel in his remarks last week. We've seen proposed rates as little as one-quarter of one-thousandth of a cent per stream when we deal with those services.

Worse still, many of the services we've engaged with that operate an ad-supported platform have taken the position that royalties are not payable in Canada as a result of the hosting services exception introduced in 2012. This leaves us with protracted negotiations and a rate that ultimately doesn't reflect the fair value of the right. The only available alternative is litigation, which is costly, lengthy and uncertain. What's more, the only remedy available in instances of unpaid royalties are the royalties themselves. The expense of bringing a case is unjustifiable if the royalties ultimately recovered merely serve to pay the legal fees.

On the other hand, the risks for the services are low if their ultimate liability is really no greater than what they would have owed in the first place. Some collectives can claim statutory damages, but that option is not available to CMRRA, in relation to their reproduction right licensed under a tariff.

● (1105)

Finally, when these services are operated from outside Canada, and there are many of them, there aren't sufficient tools to enforce copyright. The ISPs are ideally placed in this fight by removing access to infringing services, but are understandably reluctant to take any position on the content they provide access to. This leaves us without any tools to meaningfully enforce against such services.

You heard last week from Michael Paris of the Movie Theatre Association of Canada, who made the point that there is no right without a remedy and on that, I agree with him.

Among the recommendations we're making on reform of the Copyright Act are several proposals we feel would assist in ensuring that the online use of music is fairly compensated.

First, we request that the Governor in Council make regulations requiring the Copyright Board to protect a minimum per use value for the copying of musical work.

Second, we request amendment of the hosting services exception to provide that it does not apply to any hosting service that actively plays a role in the delivery or presentation of musical works.

Third, we request amendment of the act to allow for all collectives to claim statutory damages for non-payment.

Fourth, we request amendment of the Copyright Act to authorize a court to grant injunctive orders requiring ISPs and hosting services to block access to infringing websites or prevent them from showing up in search results without the risk of liability to the ISP.

In addition, we urge you to limit the scope of certain exceptions to copyright, in particular, the backup copies exception which unfairly and significantly reduces the royalties paid to rights holders by commercial radio stations.

Of course, we support the extension of the private copying regime to include smart phones and tablets.

We'll be making a much more detailed submission available to the committee, but in the meantime, I welcome your questions.

● (1110)

The Chair: Thank you.

We will now go to the Canadian Academy of Recording Arts and Sciences, with Allan Reid and Jackie Dean, please.

Mr. Allan Reid (President and Chief Executive Officer, CARAS, The JUNO Awards, MusiCounts, Canadian Academy of Recording Arts and Sciences): Good morning, Madam Chair, and thank you for having us at committee today.

My name is Allan Reid. I am the president and CEO of the Canadian Academy of Recording Arts and Sciences. With me is Jackie Dean, our chief operating officer.

CARAS is probably better known as the home of the Juno awards, which is obviously our national award show that happens every year; as well as MusiCounts, Canada's music education charity, and also as the home of the Canadian Music Hall of Fame.

Our main focus is to develop, showcase and promote Canadian artists and their music. This year's Juno awards will be held in London, Ontario, and we'll be including a week-long celebration of Canadian talent culminating in the Juno awards broadcast.

While the Juno awards is CARAS' most highly profiled award show and our main offering, the organization also works hard to support emerging Canadian talent through robust 365 days a year programming that seeks to assist artists in every stage of their development.

I often say that we're more than just an awards show. CARAS' mandate has evolved over the last few years into four key pillars: to educate through our charity, MusiCounts; to develop artists through the Allan Slaight Juno master class; to celebrate Canadian artists through the Juno awards and our 365 days a year programming; and also to honour our icons through the Canadian Music Hall of Fame.

We are with artists from birth to myth, as we like to say, and that is the continuum we want to support. Part of that support is to advocate to ensure the proper infrastructure is in place to further build the Canadian music ecosystem, which can be enhanced through a number of changes to the Copyright Act in order to strengthen the ability of musicians to make a living.

You've had an opportunity to hear first-hand from some great Canadian artists at this committee: Andrew Morrison from the Jerry Cans, who actually graced the Juno stage this year in Vancouver; Damhnait Doyle; Miranda Mulholland; and the host of the Junos, from Ottawa, Bryan Adams. They all tell a very similar story about how change is needed to amend the legislation, which will change not only the lives of artists, but the entire music system.

I've seen the struggles that musicians face, having built my career in the Canadian music industry. I was the head of A and R, artists and repertoire, for Universal Music, for 30 years. I was also the general manager for MapleMusic, one of Canada's top independent labels. I've had the good fortune to work with artists like Jann Arden, Sam Roberts, Sarah Harmer, and the Tragically Hip. On a personal note, I'm actually married to an artist as well, a very talented singer-songwriter named Kim Stockwood, from Newfoundland. So, the artist experience is something I see and live with on a daily basis.

It's important to note that at CARAS we have a very unique situation. We are not a label, we are not songwriters, and we are not music publishers. We don't benefit in any financial way from the changes that would be made, but we are the end result of the changes that will be made and what happens in the music industry. We want to make sure that all music creators have a chance to succeed and be showcased on the Juno stage.

The music sector is aligned like never before on these initiatives that need to be undertaken on the Copyright Act to improve the lives of our creators. Our colleagues at Music Canada have done an outstanding presentation on the value gap, the difference between the value of the artists' music and what they are paid as creators for the use of that music. It's a gap that has been widening over the last few years and we need changes to the Copyright Act to ensure that artists receive full value for their works.

What changes do we see in this sector? I'll pass it over to my colleague Jackie Dean to outline those for you.

Ms. Jackie Dean (Chief Operating Officer, CARAS, The JUNO Awards, MusiCounts, Canadian Academy of Recording Arts and Sciences): Thank you very much for having us here today.

I have been in the Canadian music industry for about 16 years. I'm a CPA by profession, so we all know how my brain works. I knew nothing about the industry when I first started, and I have grown to be a very passionate advocate for the power of music and what it means for the culture of Canada.

I started in the industry when it was on a decline, and I have seen the ability for an artist to join the middle class dwindle down. I've been involved in economic impact studies that have clearly shown the value gap, as well as the erosion of our industry. I know that some of the members around this table are new to the committee and were not here when many of our colleagues in the music sector appeared here before the summer recess. It may not surprise you to hear that we are very supportive of their recommendations.

We have four of them.

First, we call on the committee to to remove the $1.25-million radio royalty exemption. For two decades, commercial radio stations have been exempt from paying proper royalties on the first $1.25 million in advertising revenues. Much of this has changed in the business model of revenue, and this temporary exemption has done its job and should now be removed.

Second, the definition of a sound recording needs to be amended in the Copyright Act to allow performers and record labels to receive royalties for the use of their works in television and film soundtracks. As it stands currently, the composer of the work will receive compensation, but the performer won't. This substantial oversight is costing artists over $45 million a year in lost revenue and needs to be corrected.

Third, we need to extend the term of copyright for musical works to match our international partners. This has been a constant request not only from individual artists, but organizations such as CIMA, CMPA and SOCAN. Under our current laws, protection of musical works extends for the duration of the author's life plus 50 years. Almost all of our major trading partners, including those in the European Union and the United States, have terms of life plus 70 years for authors of musical works, which includes all music publishers, songwriters and composers. Not only would this bring Canada in line with its international trading partners, it would also ensure there is a robust compensation to allow these creators and their families to continue to receive monetary value for their works.

Finally, it's time that we bring support for creators into the 20th century. The private copying regime, which brings much-needed compensation directly into the hands of creators for copies of their music that are made, now applies only to media that are either out of date or obsolete, such as the blank CD or, until recently, the cassette tape. The regime needs to be made technologically neutral to keep up with the changes in how Canadians are making copies of their music today. This important source of income for over 100,000 music creators will soon be gone if the changes are not enacted soon.

I know for certain that these four changes will have a significant impact on our music sector, based on the work that I've done in the industry and what I have seen happen. It will ensure that we have a vibrant Canadian culture of music that we can continue to celebrate on the stage at the Juno awards each and every year across this country.

As a proud Canadian having belief in everything that we do as world leaders, I say that Canada can do better here, and Canada needs to do better here.

Thank you for your time. I look forward to your questions.

● (1115)

The Chair: Thank you.

Now we will go to Brian Fauteux and Brianne Selman, who are primary and secondary investigators for the Cultural Capital Project.

Dr. Brian Fauteux (Primary Investigator, Cultural Capital Project, As an Individual): Good afternoon. Thanks to the committee for hearing us today.

We know that the committee has a genuine interest in providing livelihoods to Canadian creators. The spirit of our submission is to caution that in an industry characterized by market consolidation and an imbalance of power between artists and the big business of labels, proposals for legislation that do not address this imbalance may in the long term worsen the conditions for those at the bottom. Artists are not always the rights holders, and legislation from rights holders does not inherently help artists.

Our submission comes from a research team that includes me, an assistant professor of music at the University of Alberta; Brianne Selman, scholarly communications and copyright librarian at the University of Winnipeg, who will take questions afterwards; Dr. Andrew deWaard, Ph.D. in cinema and media studies at UCLA; and, two research assistants, Dan Colussi and William Northlich.

As mentioned, we're working on a SSHRC-funded insight grant project titled, "The Cultural Capital project: Digital stewardship and sustainable monetization for Canadian independent musicians". We're looking at issues of fair payment for creators, as well as ways to encourage new and creative artistic production. We aim to represent here today everyday users and smaller-scale creators and hope to provide a diversity of position.

Everyone, of course, comes before this committee to argue in what they might perceive to be their own self-interest. As great as the achievements are of any of the media industries you have heard from so far, their success is based on the creativity of artists who are themselves users of creative goods. Copyright creates and maintains monopolies by creating exclusive rights that can only be exploited by the rights holder, but from its inception, copyright law has always also included limits to those monopolies in order to achieve a balance with the interests of the general public and to provide access to the public good of culture and knowledge.

Copyright has been effective at building assets for powerful oligopolies. Canadian musicians and users are at the mercy of non-Canadian media and tech companies. Universal, Sony, and Warner control roughly 86% of the North American recording and publishing market. Live Nation and AEG monopolize the live concert and ticketing business, while iHeartMedia and Cumulus have acquired the majority of terrestrial radio stations. SiriusXM dictates the satellite radio market and, as you might know, just recently purchased Pandora. Apple, Google, Amazon, Netflix and Spotify have come to dominate the digital streaming media sector.

There is stunning inequality among musicians, and it's getting worse. The top 1% of artists account for 77% of all recorded music income, while the 10 top-selling tracks command 82% more of the market than they did a decade ago and are played almost twice as much on top 40 radio. It is more winner take all in the music industries than ever before, and we need to ensure that the middle class of creators have the means to earn a living.

Massive profits are being made in the media landscape, little of which makes its way to artists and performers. A recent Citigroup report found that the U.S. music industry generated $43 billion last year but artists received only 12%. Much artist revenue has to be sustained by aggressive touring, an option only open to a few, and one that is difficult given Canada's vast geographical area. This market consolidation, combined with vertical integration where tour promoters are owned by radio stations, which are owned by owned by record labels, makes it harder for both creators and users to be exposed to diverse, vibrant and remunerated cultural goods.

We wonder, then, what other artist protection provisions might exist and be of benefit to Canadian creators.

Like the EU, which is pushing back against the American tech oligopoly with fines and legislation, it is worth considering antitrust solutions that challenge this market domination or, at the very least, maintain space for new entrants into the market. We support recommendations that aim to enable creators to have more control over their creations and their profits.

We recognize that the many industry representatives are in favour of a copyright term extension from the author's life plus 50 years to a term of life plus 70 years. We support efforts to make the lives of working musicians more financially viable; however, we caution against having this term extension dominate the narrative of this review. We would encourage a careful consideration of rights reversions as a way to mitigate the ill effects of extension.

Recently, Bryan Adams argued for rights reversions with the ability of creators to reclaim ownership of creations 25 years after they have been given away. This suggestion is one that does offer some balance to the historically imbalanced relationship between artists and labels, where creators are often pressured to sign away their rights for life.

● (1120)

Term extensions do not hold up to scrutiny in cultural economic theory. Most of the commercial value of a sound recording is extracted in the first 10 years, so 70 years after death provides no real additional incentive. Furthermore, it prevents a more vital public sphere to the benefit of major record labels, who get to further exploit an artist's work after their death. Indeed, studies show that older works in the public domain enjoy greater commercialization than similar titles with restricted rights.

Key to creators being able to exercise these rights and others already granted by the Copyright Act is the clarification that these rights cannot be contracted away. Record labels, publishers and platforms should not be able to add contractual stipulations that override things like creators' moral rights or a hypothetical reversion right.

We agree that public funding is and always has been crucial for independent Canadian creators, but we are extremely wary of this burden falling on users in the form of a smart phone tax. The variety of uses for these devices are numerous, and the vast majority of these uses will be for necessary connectivity, not piracy-related activities at all.

Copyright reform should not place unnecessary limits on user and artist freedom in an effort to remedy the financial issues that have come from an imbalance of power in the media industries. Instead, we encourage efforts to provide artists with higher payout rates via streaming and online music services. We caution against the technological optimism shown in the recent EU copyright changes that encourage the enforcement of copyright law by technological algorithm, which is an incredibly blunt instrument to apply to the general public. The additional costs of overly aggressive regimes of copyright enforcement provide ever greater barriers and costs for new entrants into the market.

The recent example of Sony trying to require takedown of all recordings of Bach is a good one for showing how expanding notice and notice into a regime where companies can unilaterally request takedown of content could have a significant harmful effect on the public. Small creators would unfairly feel the burden of this blunt style of regulation. When it comes to designing a balanced copyright system, there is no need to use a hammer when we can cut like a knife.

We wish to end by restating that a concentration of power creates power imbalances that require solutions that extend beyond those that benefit the rights holder.

We sincerely thank the committee for taking the time to hear us today.

● (1125)

The Chair: Thank you very much.

We'll begin our question and answer period.

Mr. Hogg, you have seven minutes, please.

Mr. Gordie Hogg (South Surrey—White Rock, Lib.): I'll be sharing 2.4 minutes with Ms. Dhillon, if you can monitor it that closely.

The Chair: Thank you for that exact timing.

Mr. Gordie Hogg: I've been struggling to find a set of principles as we go through this. Many international references have been made in terms of ensuring that we match some of our international partners. I'm assuming that we need to have some principles, but they'll be mitigated to some degree, or at least influenced, by the international standards that are put in place. I've listened to this submission and many others, trying to find out what those principles are. I think I heard today about at least a balance of power and ensuring that we're providing livelihoods. Throughout much of the testimony there seems to be a sense of the change that's taken place, which has been dramatic.

To each of you, were things a lot better with respect to the principles 40 years ago? Are those principles things that can be transported or interpreted for utilization today in terms of the copyright issues we're talking about? Reference was made to our rates being the lowest in the world and therefore not being balanced or not being competitive. I'm trying to look at the international references and the principles. We want to have a fair payment system.

Reference was also made to moral control. I'm interested in how we interpret moral control and what moral control means. What are the creator's moral rights that you referenced? I'm trying to find some of the principles that underline this within the context of internationality as well as what's happening locally. How do we then create a system that will allow us to have those moral rights and have the principles that we want to have nationally? How will we put those within an international context that will make sense so that we're able to protect them beyond this boundary?

If all of you could make the principles really clear and change my life, I would be forever indebted.

Voices: Oh, oh!

Ms. Caroline Rioux: I can certainly start. I was thinking about that myself in my hotel room yesterday.

When I started at CMRRA many, many years ago—I've been there for 27 years—we were in the CD marketplace at that point. When folks released these products in the marketplace without licences, without having put in songs on those products and they hadn't obtained the necessary licences or paid royalties, I had remedies at the time. I could call the pressing company, the distributor, the retailer, and effectively tell those folks that they were pressing or manufacturing infringing goods and it's not in anybody's interest. Those individuals, those companies, would be equally as liable for copyright infringement as the person marketing the product.

That got us very quick results. The pressers would say, "That's it, I'm not pressing; I need to see copies of your licences before I continue to press." Or, the distributor or the retailer would say they were pulling it off the shelf. We got very quick results because there were remedies. There were remedies across the distribution channels.

Those remedies today in the digital age don't exist. The principles of copyright in terms of the bundle of rights haven't necessarily changed, but it's much harder to apply it now because of the exemptions—the hosting exemption, for instance. When companies take the position that they have no liability and it's not their problem, it becomes very hard to get to the source of the problem.

The other comment I could make, without taking too much time, is that as we've gone through this transition, the industry, for a moment in time I think, was trying to focus on the consumer as the bad guy in accessing this content that was infringing. There was a sense from everyone that they needed to put some protections in place to make sure that as a consumer...you know, everybody is not a thief because they've downloaded a song from the Internet for free or what have you.

Where we're now going, and these are the changes that we've seen in the EU recently and in other parts of the world, and this is what we're advocating for as well, is that we need a way to stop the tap from reaching the consumer in the first place. We need those folks who have the control over the content to co-operate with us, and to have the tools so that there's no ramification for them if they do turn off the tap.

● (1130)

Mr. Gordie Hogg: You're saying the principles—

The Chair: You're already over the time, if you were sharing it.

You have just under two minutes left.

Ms. Anju Dhillon (Dorval—Lachine—LaSalle, Lib.): Thank you.

Ms. Caroline Rioux: I spoke too long. I'm sorry.

Ms. Anju Dhillon: Today we're talking about fairness to artists and promoting them and nurturing their talent.

Can I please ask Mr. Reid or Ms. Dean whether the Juno awards have ever taken place in Quebec?

Mr. Allan Reid: No, they actually have not taken place in Quebec yet. It's something we would love to see happen. Our biggest challenge in going into Quebec—we want to go to Montreal—is access to the Bell Centre. The Junos take place usually in an NHL-sized hockey rink, about 13,000 to 14,000 capacity, and our biggest challenge there is getting in.

We're in the last three weeks of the regular season of hockey, usually at the end of March or early April, and it is very difficult to convince Evenko and the Canadiens to give us the eight days we need in that arena—

Ms. Jackie Dean: Just before the playoffs.

Mr. Allan Reid: —just before the playoffs. It is our biggest obstacle.

Ms. Anju Dhillon: If you could please maybe try to find another venue or something—because Québécois artists have so much talent, but they're under-represented on the Canadian music scene—it would be very helpful for—

Ms. Jackie Dean: Yes.

Ms. Anju Dhillon: —the artists to be able to gain a foothold on the Canadian music scene.

Mr. Allan Reid: We want nothing more than to be able to go to Montreal. It's a fantastic music city, as Quebec is as a province. It's a challenge for us, for sure.

They've offered Laval as an opportunity, but honestly, we feel that if you're going to bring the Junos to Montreal, we need to be in the biggest venue.

Ms. Jackie Dean: Yes, and there's Quebec City as well. We are in constant conversation with Quebec City on going there for the Junos, and we're really trying to make sure that all of our properties, with all of our submissions—our nominating, voting—are in French as well, to give the French artists the opportunities, because we know—

The Chair: I will have to cut you off there, but I'm glad to hear you're looking into it.

[*Translation*]

Mr. Blaney, you have seven minutes.

Hon. Steven Blaney (Bellechasse—Les Etchemins—Lévis, CPC): Thank you, Madam Chair.

I am a Member of Parliament in the Lévis area, across from Quebec City. Unfortunately, we do not have a National League team, but we have major infrastructure to host such National League teams, namely the Centre Vidéotron. So, we would be very happy to host the Juno Awards gala in Quebec City until the Quebec Nordiques return.

Some hon. members: Ha, Ha!

Hon. Steven Blaney: I will continue on a more serious note.

I will speak to Ms. Rioux.

[*English*]

I also am new to this committee. I have an engineering background.

When you said that remedies in the digital age no longer exist, I liked it and I didn't like it.

[*Translation*]

It would seem that we are witnessing a major transformation of your industry. The big fish seem to be doing well, but the industry as a whole seems to be penalized. In 2012, our Conservative government introduced numerous amendments to the Copyright Act. Clearly, since then, there have been changes, even an upheaval, and the Liberal government is expected to show leadership. At this time, I get the impression that they are trying to buy time. It is aggravating, because our artists need to be given the necessary tools to adapt to current changes in technology.

You said that the problem had to be addressed at the source.

[*English*]

You said that we need to "stop the tap".

[*Translation*]

I agree with you entirely.

So, there is an elephant in the room, and the best way to eat it is one bite at a time.

I will begin with the proposal put forward by Mr. Adams. Mr. Fauteux and Ms. Selman alluded to it, and I would like to know your opinion. Mr. Adams proposed that royalties be recovered 25 years after the agreement is signed by the artist, instead of 25 years after the artist's death.

If possible, I would like to know the Juno team's opinion on this, and your own, Ms. Rioux. Are you in favour of the proposal that royalties should be paid to the artist after 25 years?

● (1135)

[*English*]

Mr. Allan Reid: Again, we're in a very unique situation at CARAS, where we don't really have that sort of financial need or participation. I do know from my history—

Hon. Steven Blaney: But you came up with four recommendations, including the 50 to 70 years. Do you have an opinion on this particular one?

Mr. Allan Reid: Yes. I think the biggest challenge is not knowing also the investment that's made an artist successful, which does take a substantial investment. That's why we believe the 50 to 70 is probably a better route. Again, it would depend on every artist and their chance to recoup the investment, I would think.

Hon. Steven Blaney: Do you prefer the 50 to 70?

Mr. Allan Reid: Yes.

Hon. Steven Blaney: Ms. Rioux.

Ms. Caroline Rioux: I would have to echo this.

I have two comments on what I've been hearing. First, 25 years ago was 1993. I don't know about you, but the stuff I listen to these days is substantial from that period of the 1970s and 1980s. To me it doesn't seem that long ago.

That being said, I do also think it takes a village. The U.S. very recently passed—we hope President Trump will sign off on this—the Music Modernization Act. David Israelite, CEO of the National Music Publishers' Association, had an op-ed very recently stating that the reason they were able to make such significant improvement into their own situation, improving the lives of artists, songwriters, creators and their partners, the publishers, was that the industry put their own differences aside and together spoke with a united voice in balancing the bargaining powers between the users of the rights and the rights holders. I think that is where I want to focus at the moment.

Hon. Steven Blaney: In a nutshell, you feel that the 50 to 70 is more valuable at this time. Is 25 too short, or is the principle? Would 35 be better?

Ms. Caroline Rioux: Well, I'm not here to comment either way on the 25 years. What I am trying to say is that my focus is to have better tools to enforce copyright altogether for all rights holders.

Hon. Steven Blaney: If you have recommendations in that regard, please share them with the committee.

Madam Dean, you mentioned removing the exemption of $1.25 million. As I listen to you and others, it seems that radio is only part of the big pie of revenue. It seems like we're focusing on this small piece of the bigger story. How come you came up with a recommendation on this, and how can we take better grasp of the bigger pie of revenue, which seems to be, according to those experts, the concentration of multinationals and radio and so on? What's your bigger view on the revenue?

Ms. Jackie Dean: The exemption was supposed to be a temporary measure. It was for the smaller radio stations, which have now all been consolidated and bought out by the larger corporations like Bell and Rogers. I've seen the analysis of what's happened with the revenues over the years since that exemption has been put in place. It was temporary, and we need to now eliminate it so that path of revenue can go down to the artists.

As far as the bigger picture on the ecosystem goes, over the past 16 years, I've never seen an industry go through a business model change so many times. The biggest challenge we've had is the adjustment that needs to come when all of a sudden you go from a CD to downloads to streaming. The implication of those changes has gone across the board and across the entire ecosystem within the industry, and we have to look at all the components, not just where the rights come into play. It has to be with how live performing fits in the marketplace, as well as how and where the artists are signed. That has all had a huge impact on everything we've been doing in the industry, and the doors have been opened.

To Caroline's point, the worldwide access and how people consume music has had such a huge change on the business model of the industry.

● (1140)

[*Translation*]

The Chair: Thank you.

Mr. Nantel, you now have the floor for seven minutes.

Mr. Pierre Nantel (Longueuil—Saint-Hubert, NDP): Thank you, Madam Chair.

Thank you everyone for being here this morning.

There are about 20 minutes left in this meeting. It is important to keep in mind that we do not have a lot of time left. I will therefore ask a very short question of Mr. Fauteux and Ms. Selman.

Last week, we received, among other people, Mr. Bussières from the Regroupement des artisans de la musique. He gave us a document listing the organization's 29 recommendations. The first 11 are part of axis 1 and are measures to be applied immediately to address the situation. Axes 2 and 3 contain more long-term recommendations, to rebuild the system, with the creators at the centre of it.

You see things from the creator's perspective and you are right to do so. That is the very source, in the same way that water is the source of all carbonated drinks.

Could this mysterious agreement between all worldwide music publishing companies be seen as an injustice, which is what I was alluding to, Ms. Rioux, by which each stream on a continuous publishing platform pays fractions of a cent per item?

Could you answer me in one minute, please?

[*English*]

Ms. Brianne Selman: Certainly the way these things are distributed seems unfair and unjust, and with market consolidation it gets even more unjust. Probably the biggest change we've seen in the last 40 years, to answer your earlier question, is that it has essentially become a system of monopoly.

I would remind the government there are options for dealing with monopolies that don't necessarily exist in the Copyright Act, which is a very broad, general thing. There are specific ways to deal with that.

Historically, our antitrust approaches have focused on price fixing, but it's far more concerning at this point in time to look at how large monopolies are able to exert their bargaining power over the individual creators. As the market consolidates, they have more and more bargaining power because there are fewer and fewer other avenues.

That is one area that the Copyright Act can protect, though, by not over-regulating for new entrants.

Mr. Pierre Nantel: Okay. Thank you very much.

I'm asking you the question because I think that we shall not be defocused on the idea here.

[*Translation*]

Ms. Rioux, you spoke earlier about this exact question that I have asked. We are abused, particularly in Quebec, by having neighbouring rights applied to performers and producers. In a somewhat similar manner, in some countries at this time, where the neighbouring right has been accepted, but where the corresponding laws have not yet been passed, money is accumulating. There are places where there is still no structure for redistribution of those funds, so they build up. Why is that done? It is because it is felt that it is fair and right for creators, performers and producers to receive their fair share. That is exactly what needs to be discussed.

I recognize what my colleague Mr. Blainey mentioned about the matter of the temporary, but somewhat grotesque, exemption granted to broadcasters to give them a break that they needed at the time. Now, they probably do not need it anymore at all, given the audience shares held by radio stations that are owned by large groups. We must remember the figures. Clearly, there are a lot of small, independent stations, but as for percentages, they do not need a break. That said, we are not here to argue.

Mr. Reid, I know the extent of your career. You were with A & M Records. I believe, at the time, Bryan Adams was doing his second major album when he signed a contract with you. You have seen it snow in Canada. I was with Sony Music at the time when you were with A & M Records. You then went to Maple Music, where you picked up many artists who the large American record producers operating in Canada seemed to increasingly ignore. I congratulate you for that. I believe that you contributed to the interesting success of some artists who may have fit less in the American model.

In the audiovisual world, it is easy to reassure ourselves by saying that everything is fine and that producers like Xavier Dolan or Denis Villeneuve are proof that our television industry is going well. However, we cannot see the success of Drake or Justin Bieber as rock-solid achievements that show that the Canadian music industry is doing really well. In fact, we need to protect our Canadian market and you are the best example. Do you agree?

● (1145)

[*English*]

Mr. Allan Reid: First off, thank you for the kind words. Again, I've enjoyed a lovely career in the music industry in working with numerous Canadian artists. Bryan was not my signing; I didn't get to work with him.

I do agree. I think it is upon us as a nation to make sure that we are developing Canadian artists. Too often, we see many Canadian artists go to the U.S. to sign to multinationals or even to sign to independent labels, but there is a thriving music scene of creators in this country, and it is from coast to coast. Seventy-two per cent of the nominees that come to the Junos are actually from independent artists. It's quite incredible.

I do agree. As a government and a nation, I think we need to support our creators. They are our cultural identity. I think that's one of the most important things that we can put out to the world.

Mr. Pierre Nantel: An example is the ridiculous micro-pennies we receive because of a bad decision by the Copyright Board. For example, if there's no more push we can do on radio.... Radio was our partner forever but nowadays they are losing ground, and there may be not as much radio. Many people are streaming. Should we try, for example, to compensate anybody spinning on these streaming services and say that they can have some support from the government because our market is too small to be enough to make a living on? Probably that is an impression in most things.

Don't you think the Copyright Board should be connected to what we are doing now? I'm afraid that the Copyright Board is being reviewed behind closed doors.

The Chair: You have, like, 13 seconds.

Ms. Jackie Dean: Yes. I couldn't agree with you more. The implications of those decisions are not focusing in on what's happened in the business model. It's been just....

Mr. Pierre Nantel: Thank you.

The Chair: Mr. Boissonnault, please.

[*Translation*]

Mr. Randy Boissonnault (Edmonton Centre, Lib.): Thank you, Madam Chair.

[*English*]

Thank you, everybody, for being here.

To Mr. Reid's point, not only is it one of the most important things, but in some respects, what artists do for this country is the most important thing.

MIT did a really interesting analysis. Of all the media that we have ever produced of everything we've ever done as a country, and how we are seen in the eyes of the rest of the world in terms of all of our famous politicians, all of our famous generals and all of our famous scientists, the top 10 list is artists. In the eyes of the world, Canada is art, and Canadians are artists.

That tells you whose corner I'm in when I sit at this committee. I was the parliamentary secretary at the committee at the beginning of the mandate, and now I'm here as a member with a voice. I'm going to use it.

[*Translation*]

I would like to say to my colleague Mr. Blaney that we are not trying to buy time. We are doing good work by taking the time we need to obtain a good revision of the Copyright Act.

[*English*]

It's a new time and a new era for this industry. With streaming, it sounds to me like we went from the wonder of the web to the tyranny of the technology.

I did some math. For an artist to make $2,400 a month, which is minimum wage in Alberta right now at $15 an hour, on YouTube it takes 16.5 million hits. On Spotify it takes 9.8 million hits each month to make $2,400. That doesn't make sense.

I'm a business person. I want to know where the money is going to come from. We have to get money into the pockets of artists so they can keep producing. That's what we need. Ecosystems need things. They need nutrients. They need sun. They need water. They need oxygen. Pick whichever one of those makes money for you as an artist. Clearly they need more.

I want to ask a question of each of you. Do we make the pie bigger or are we simply talking about cutting the pie differently, and if so, what does that look like? You have a minute each.

Brianne, we'll go first to you.

● (1150)

Ms. Brianne Selman: To speak to some earlier questions, too, incentive and reward are frequent frameworks that we talk about when we talk about any economic production. That's why some of our suggestions have focused on the lack of incentive. There is no incentive up front to artists to extend term to 70 years after death. It really doesn't work that way, because they're often not the rights holders of their music.

A rights reversion offers a real incentive to artists, especially when we're talking about musical acts from 1993. You don't know the future value of that music. You can't predict that. There's a value gap in our time. We don't think in terms of 70 years after our death most of the time. Immediate rewards are closer, term rewards such as a rights reversion. Just to clarify, reversion and ownership of rights do not exclude actual term extension. They can exist. Rights reversion can exist within the Berne Convention, and it does in the U.S. The rights reversion in the U.S. clearly doesn't act as a disincentive for cultural works being provided there.

I think we really need to analyze things like incentive and reward, and see who's getting the incentive and who's getting the reward.

Mr. Randy Boissonnault: Thank you.

Dr. Fauteux, we share an alma mater. You're teaching now where I went to school.

Do we make the pie bigger? Do we cut it up differently? Where does the money come from?

Dr. Brian Fauteux: Since I read the submission, I've been giving my time to Brianne for the questions, if she has anything else to add.

Mr. Randy Boissonnault: Sure, keep going.

Ms. Brianne Selman: Certainly I would argue for a redistribution of the existing pie. There is a vast amount of money being made. We're talking about billions of dollars, and we are not seeing it in the hands of artists.

Approaches that count on the benevolence of business to pass it on, if there is a sudden windfall, don't reflect the realities of the current market. We're seeing a shallower market. We're seeing the promotion of giant stars with very limited investment in anything in the middle end or in the deep end. That's going to hurt Canada specifically, because we sort of have a lot of novelty acts or really interesting little quirky things that don't necessarily read at the outset as if they're going to be big star power, but then we surprise the world with what we come up with.

We really need to think about a distribution that is deeper.

Mr. Randy Boissonnault: Thank you.

I'm going to Madam Rioux, and then to Jackie and Allan with some questions about biodiversity in the music ecosystem. How diverse is it?

Madam Rioux, can I hear from you on the question of where the money is coming from?

Ms. Caroline Rioux: We need to grow the pie.

Mr. Randy Boissonnault: How do you do it?

Ms. Caroline Rioux: You do it by reducing the value gap that has gone out of control. You need to be able to get the services that are out there to stop hiding from the hosting services exemptions under the Copyright Act so that we can have better tools to monetize the content to get better royalty rates out of the service that they deliver to consumers. That's how we reduce the value gap and get more money in the hands of rights holders. That would be a very, very good first step in this industry.

Other than that, I'd say limit exceptions to copyright that are also damaging to rights holders. It's all about growing the pie.

Mr. Randy Boissonnault: Ms. Dean, thank you for an amazing Junos in Calgary. I was happy to attend when I was parliamentary secretary, and I saw and listened to the phenomenon that is Shawn Mendes, who was discovered at 15 by posting on YouTube from his garage. For every Shawn Mendes, there must be at least 10,000 artists struggling to be discovered.

I see in the University of Alberta and University of Winnipeg submission that this preponderance of mega-corps is cutting out diversity in the system. Is that your anecdotal and professional experience, that we have less diversity among musicians in the Canadian marketplace now?

Mr. Allan Reid: Actually, no. It's interesting. Through the Junos each year artists submit to us to become a nominee in 42 different categories. This last year we saw the highest number of submissions in Juno history. Over 2,500 artists submitted for the Junos in 42 categories. That was a 20% increase from the year before. There are more recordings coming. I want to thank the Government of Canada for supporting the Canada Music Fund and funding FACTOR, which allows all of those artists to actually make their way to our stage as well.

On diversity, I think about who has been on our stage in the last few years. When we were in Ottawa for the Junos, Buffy Sainte-Marie opened the show. We have had Tanya Tagaq, A Tribe Called Red, Black Bear. There are phenomenal artists out there, but it takes investment. It takes a lot of investment from record companies, from managers and from promoters. There's the whole music ecosystem. As you were saying, it takes a village.

Honestly, it's probably the most exciting time in Canadian music right now. There are more artists happening, maybe not at a massive global level like Drake, Justin Bieber and The Weeknd, but there is a whole swath of incredible musicians. This is that value gap issue we keep talking about.

● (1155)

Mr. Randy Boissonnault: Thank you.

The Chair: Thank you very much.

We were negotiating a little bit to see if I can get two more sets of questions in before our time is up. In order to do that, we can go to Mr. Shields for three minutes and then to Mr. Long for three minutes.

Mr. Martin Shields (Bow River, CPC): Thank you, Madam Chair.

I very much appreciate the witnesses being here today. I am an alumni from the U of A as well, but probably a generation before you.

Voices: Oh, oh!

Mr. Martin Shields: When you talked about growing the pie, I think you were talking about redistribution.

Ms. Caroline Rioux: Well, it depends who you include in the pie to begin with, I suppose.

Mr. Martin Shields: Okay.

Going back to amalgamation of huge.... Amalgamation happens all the time. If you go back a century ago, you'll find the car industry did it. This is not a new concept. How do we deal with amalgamation and the artists to keep them alive?

Ms. Jackie Dean: Referring to Randy's question, in the industry, if we don't compensate the artist properly, you're building that gap. A lot of the artists will just leave the industry. They will only do it on a part-time basis: "I can't pay my rent, so I have to get another job." As successful as Canadian artists have been on the international stage and within Canada, we are slowly seeing that middle class of artists dwindle down because they all have to pay bills. They all have to pay rent. They want to have children and have a sustainable life.

As far as the amalgamation goes and the exemption, I can't speak to the profits of the radio stations and what's on their books, but that exemption was there to assist them financially. That has actually sustained itself. We can utilize those dollars for the artists because it was a temporary measure. It needs to change now. It had its time.

Mr. Martin Shields: Good.

Mr. Yurdiga will take the last seconds.

The Chair: You have one minute.

Mr. David Yurdiga (Fort McMurray—Cold Lake, CPC): Okay, I'll be quick.

Who controls the value gap at this point? Should the government be controlling who gets what or do we let private industry control that?

Ms. Jackie Dean: I think it's a mix of both. There are things the government can do. In our recommendations, along with looking at the Copyright Board and the decisions they make, not just for these but further on, we say there are things they can do to try to control that and split the pie a bit differently. It's private industry as well. The music industry itself is supporting the artist, but it's the bigger pieces of the ecosystem—from radio, from TV, from film—that need to buy into this and understand the artists are their bread and butter and that they need to support them and give them a reasonable living in order to contribute.

We need to keep growing the pool of artists and the talent we have. There is a ton of talent. You should see who comes through our office with all these submissions. It is incredible. We have a lot of artists who come into the office and play acoustically because they so want to succeed. It's impactful, and a lot of that talent doesn't get utilized.

The Chair: Thank you.

We will now go to Mr. Long for three minutes.

Mr. Wayne Long (Saint John—Rothesay, Lib.): Thank you, Madam Chair, and thank you, everyone, for your presentations.

I won't ramble on too long here.

Ms. Rioux, the U.S. Senate recently unanimously approved changes to copyright reforms. Are there any measures contained in those reforms that we could emulate here?

Ms. Caroline Rioux: I'll try to be brief.

The portion of the MMA, Music Modernization Act, that I'm most familiar with, and even so I'm not an expert in that domain, has to do with ensuring that there is much less fragmentation of the marketplace in the U.S. Up until now under the MMA, there has been no one central collective for the administration of the reproduction rights in the U.S.

What was happening was that you had lots of different rights holders. There was a difficult infrastructure for the online music services to try to get a central point for licences and/or to get the data flow to be administered, and the payments as well.

The MMA is an attempt—these are my own words—to consolidate this so that it's much more efficient and reaches a larger scope of rights holders out there who may have been missing in the past.

Mr. Wayne Long: Ms. Dean, do you have anything to add to that?

● (1200)

Ms. Jackie Dean: In Canada, I've been involved with organizations that do the distribution and the payments to the artist, and it's the efficiencies that need to come from those processes, just as Caroline has been stating.

I think the adoption of that, in following those models from international counterparts, will really help us get the dollars to the artists quicker. I have seen millions of dollars sit on balance sheets because a decision hasn't been made at the Copyright Board or they can't get the data processed to figure out who is actually owed the dollars.

I think that we can do a better job at that.

Mr. Wayne Long: Thank you.

The Chair: Thank you to all of our witnesses, and for all of the members who asked questions today.

We are going to suspend briefly and move in camera, so we will have to clear the room.

Thank you.

[*Proceedings continue in camera*]

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